



MEMORANDUM

TO: Department Directors

DATE: May 3, 2004

FROM: George M. Burgess
County Manager

SUBJECT: Rewarding Workplace
Excellence – Employee
Gainsharing

Change is underway in County government, at the heart of which is customer-oriented, priority-driven public service. I believe that we should strive for excellence in everything we do, and that we should measure our success rigorously against established best practice standards and our own performance targets. I also believe in rewarding exceptional performance – and that's where gainsharing comes in.

Gainsharing is a valuable tool for improving the way we do business. A number of County departments and work units already are benefiting from successful employee gainsharing agreements, which have made our work more efficient, our services more effective, and our facilities better maintained. These efforts are self-financing, having captured more than \$26 million in cost savings since 1998. Of this, \$6.3 million in employee bonuses have been awarded, with the remainder enabling departments to enhance employee training, pursue previously unfunded capital projects and workplace improvements, and reduce general fund support and ratepayer burden. Employees have received gainsharing bonuses as large as \$5000 in reward for their teamwork and innovation. Just weeks ago the Finance Department's Credit and Collections Section executed a gainsharing agreement, and presently the County's first department-wide agreement is in the works for the Water and Sewer Department.

GENERATING GAINSHARING IDEAS

I urge you to consider how your department might take advantage of this unique program. Gainsharing agreements can be department-wide or division/work unit-specific. When properly structured, they align with and reinforce departmental business plans; more importantly, they help bring those plans to life for employees by giving each employee a tangible stake in his or her work. With this in mind, invite your employees to think creatively over the next several weeks about how they would recommend improving the way their department serves its customers. They should reflect not only on how they can better accomplish their particular tasks but on how those tasks can link more effectively to their department's core mission.

A worksheet to help generate ideas is attached for distribution to employees. These idea generation worksheets may be submitted between now and June 30 to the Office of Strategic Business Management (OSBM), Performance Improvement Division, which will conduct a review to identify promising proposals. For those suggestions most likely to bear fruit, memorandum of understanding (MOU) development committees will be established in July for the purpose of negotiating and drafting gainsharing agreements for Board of County Commissioners approval.

GAINSHARING RESOURCES

In the meantime, several resources are available to assist you and your staff in learning more about gainsharing:

- Quarterly Directors' Meeting (May 14): This meeting will include an introduction to and a brief discussion regarding gainsharing; OSBM staff familiar with gainsharing and the County's current and forthcoming gainsharing agreements will be on hand to answer questions.
- Gainsharing Workshop (June 14): Interested employees should be encouraged to attend this workshop, which will provide an explanation of the nuts and bolts of gainsharing and an overview of the steps involved in establishing gainsharing agreements.
- Website: Detailed information about gainsharing, including Countywide Gainsharing Guidelines, can be accessed on the web at miamidade.gov/opi/gainsharing. These guidelines, developed in collaboration with a working group of labor and management representatives and endorsed by the Efficiency and Competition Commission, provide definitions, an explanation of roles and responsibilities, and a step-by-step look at the process for developing and implementing gainsharing agreements. Also available at this site are MOUs and associated documents related to gainsharing agreements currently in force; these provide a detailed look at the terms and conditions of actual gainsharing agreements and the methods by which gains are calculated and distributed. Finally, the website also includes answers to frequently asked questions and a downloadable idea generation worksheet.

ELEMENTS OF A SUCCESSFUL GAINSHARING PROGRAM

Rewarding employees who perform at optimal levels in relation to industry or best practice standards is essential to successful employee gainsharing programs. In addition to superior performance, gainsharing requires a number of important relationship, communication, and program-related ingredients, the most significant of which are outlined below:

Strong Labor-Management Partnership: Development of gainsharing agreements must proceed in a setting of cooperative labor-management relations, with parties seeing each other as partners. It is important to note that gainsharing agreements do not supersede, alter or abridge any collective bargaining agreements, and that all rights and benefits of the parties under existing and future labor contracts are preserved.

Clearly Defined Roles and Responsibilities: All departmental gainsharing programs should be anchored by an MOU that identifies program specifics, including clearly defined roles and responsibilities for all parties. An MOU Development Committee comprised of employees and/or their representatives, union officials, and senior department management (with technical assistance from OSBM, the Audit and Management Services Department, and the Employee Relations Department) will jointly establish program goals, performance targets and measures, and incentive plans. All MOUs are subject to approval of the Board of County Commissioners, the County Manager's Office, the Office of Strategic Business

Management, and participating departments.

Challenging, Attainable Goals: Successful gainsharing programs establish challenging financial and performance targets; they also challenge, support and reward employees who meet or exceed specified targets. Whether agreements are department-wide, tied to overall financial and operational performance, or specific to an individual work unit or business line, they should result in sustainable improvements in core business practices. In either case, the savings and/or revenue increases gained should be traceable to employee performance and must be paired with operational improvements ensuring that savings are not being gained at the expense of quality. Incentive systems may be either individually-oriented, as in the Finance Department's Credit and Collections unit gainsharing program, or team based, as with the gainsharing programs of the Corrections and Rehabilitation Department's Food Service Division and the Park and Recreation Department's marinas operations.

Verifiable Savings/Revenue Increases: All gainsharing must be based on real, verifiable savings and/or revenue increases linked, to the extent possible, to best practice standards. Savings based on changes in accounting, cost transfers to other departments or business units, and fee increases, for example, cannot be considered as true savings for gainsharing purposes. Similarly, funds captured through the correction of past deficiencies cannot be considered for gainsharing. Savings and/or revenue increases based on improved marketing, purchasing, management, practices, or cost control measures, on the other hand, are appropriate for gainsharing. For example, the Park and Recreation Department's marinas unit generated increased revenue through aggressive slip management, improved staff training, marina maintenance, and a targeted marketing campaign, while Corrections and Rehabilitation's Food Services Division cut costs through menu modifications, spot market purchasing, and judicious use of expendable items.

Gainsharing can play a significant role in assisting County departments to improve the way in which they do business, and in rewarding County workers for their efforts toward this end. Please invite your employees to join with you in identifying potential gainsharing agreements. If you have any questions or would like additional information about gainsharing, you may contact Kevin Lynskey, Assistant Director, Office of Strategic Business Management at (305) 349-6163 or Sarah Ingle, Senior Management Consultant, Office of Strategic Business Management at (305) 349-6151.

Attachment A: Gainsharing Frequently Asked Questions

Attachment B: Gainsharing Agreement Idea Worksheet